

HCS HB 176 -- FEES ON SMALL LOANS

SPONSOR: Crawford

COMMITTEE ACTION: Voted "Do Pass by Consent" by the Committee on Financial Institutions by a vote of 16 to 0.

On small loans for 30 days or longer that are other than "open-end credit" as defined by the federal Consumer Credit Protection Act, a lender can currently charge a fee of up to 5% of the principal amount loaned not to exceed \$75. This substitute allows a vendor to charge a fee of up to 10% of the principal amount loaned not to exceed \$75.

On small loans that are open-end credit contracts tied to a transaction account in a depository institution, the creditor can currently charge a credit advance fee of the lesser of \$25 or 5% of the credit advanced. The substitute allows the creditor to charge the lesser of \$75 or 10% of the credit advanced.

PROPONENTS: Supporters say that nationally chartered banks can already charge fees at this rate and the bill gives parity to state chartered banks. These small unsecured loans are expensive for banks to process and the rate changes allow banks to continue making these loans.

Testifying for the bill were Representative Crawford; and Missouri Bankers Association.

OPPONENTS: There was no opposition voiced to the committee.